
OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Item Number: 204

Bayside Fire Station and Related Actions

OVERVIEW

On September 22, 2009, the City Council and Redevelopment Agency were scheduled to consider various actions related to the proposed Bayside Fire Station. At that time, the items were requested to be returned to staff and scheduled for a later date, due to the unidentified impacts to the City's Redevelopment Agency related to the State's budget action to redirect property tax revenues from redevelopment agencies statewide.

The actions related to the Bayside Fire Station have been rescheduled for City Council and Redevelopment Agency consideration on Monday, December 7, 2009. Since the earlier meeting, the City's financial condition has received increased attention, the Mayor's updated Five-Year Financial Outlook was released on October 1, and budget reduction proposals have been developed to address an estimated \$200 million budgetary deficit for FY 2011. Unfortunately, the areas of public safety are expected to be impacted, including the Fire-Rescue Department.

Given this grim reality and change in circumstances, this report discusses the fiscal impacts of the proposed Bayside Fire Station and its related actions.

FISCAL/POLICY DISCUSSION

Changes from Prior Meeting Materials

Since time has passed since these actions were first scheduled, it may be helpful to note changes that have been made since September 2009.

Impact of ERAF

The updated staff report for these actions indicates that the Redevelopment Agency's FY 2010 budget already included funding for this project, and expenditures for this project were considered when determining the downtown Project Areas' ability to fund its estimated portion of the State's Educational Revenue Augmentation Fund (ERAF)

requirement. The Redevelopment Agency's ability to fund ERAF is not negatively impacted by this project. The Redevelopment Agency has been requested to bring forward information describing the impact of ERAF payments on scheduled Redevelopment Agency projects and/or activities. It is our understanding that Agency staff has prepared information showing the ability of the Agency's various project areas to fund prorated shares of the Agency's total ERAF payment, and that requested actions to amend the Redevelopment Agency budget in order to provide funding for ERAF this year are expected in January 2010.

Project Schedule

The updated staff report also reflects a revised project schedule, including a delay of approximately three months, shifting the project start-up from March 2010 to June 2010, bidding award from August 2011 to November 2011, and construction completion from late 2012 to early 2013. The change in the project schedule is attributable to the delay in bringing these actions forward for Council and Redevelopment Agency approval. No estimated cost changes are reflected in the materials due to the time delay.

Fire Station Master Plan

The Fire-Rescue Department has developed a Fire Station Master Plan (FSMP) for fire station planning and prioritization purposes, and identifies communities in which fire stations should be built to address service demands created by growth. The FSMP allows the City to better plan for capital improvement project expenditures as well as ongoing staffing and operating and maintenance costs associated with the replacement and addition of fire stations. The FSMP was last presented to the Public Safety and Neighborhood Services Committee on March 4, 2009, and was recommended to be brought forward to the City Council. It is unclear when the FSMP will be docketed for City Council review and approval.

The FSMP contemplates thirty-one projects which are categorized in three ways: existing projects (16), Tier One proposed projects (8), and Tier Two proposed projects (7). Total estimated construction costs outlined in the FSMP exceed \$188 million, with ongoing staffing and operating costs estimated at \$74 million annually. The City has struggled with identifying sufficient funding sources to bring the FSMP to fruition, outside of developer fees and funding from the Redevelopment Agency, which can be used in appropriate and eligible areas.

The Bayside project is priority # 6 of the existing projects, and the actions currently proposed are consistent with the FSMP, as presented to PS&NS last March. In the FSMP, annual operating costs for the Bayside project are estimated to be \$2.2 million, when fully staffed.

Impact to City's General Fund

The agreement for architectural and engineering services in an amount not to exceed \$1.36 million, as well as total project costs totaling \$24 million, will be funded by tax increment from the Redevelopment Agency.

Once completed, the City will become obligated to staff, operate and maintain the fire station and its equipment. The project is designed to accommodate two four-person crews, and a two-person paramedic ambulance, one battalion chief, and one ride-along. Currently, it is proposed that the fire station would be opened in Fiscal Year 2013 with the reallocation of an existing single-engine company from Fire Station No. 1, which would still have another single-engine company remaining, at no additional cost to the City's General Fund.

The new station is anticipated to enhance response times to incidents which may occur west of the railroad tracks. Future staffing increases and additional equipment needs will be evaluated and phased in over time, as fiscal circumstances allow.

Consistency with Proposed Fire-Rescue Department Budget Reductions

The FY 2010/2011 Budget Reduction Proposal includes a reduction to the Fire-Rescue Department to implement rolling "brown-outs" to eliminate 8 engines, which would result in cost savings of \$5.8 million in FY 2010, and \$11.5 million in FY 2011. The Fire-Rescue Department has 13 locations that currently have more than one unit assigned to it, including Fire Station No. 1 located downtown. It is our understanding that the Fire-Rescue Department is currently developing the detailed plans to implement the rolling "brown-outs" and determining which stations would be slated for these reductions. Based on the proposed plan to reassign a single-engine company from Fire Station No. 1 in Fiscal Year 2013 to the new Bayside Station when completed, it is important that the current staffing and equipment at Fire Station No. 1 not be impacted by the current reduction proposal. Otherwise, these plans would conflict.

CONCLUSION

The actions related to the Bayside Fire Station have been rescheduled for City Council and Redevelopment Agency consideration on Monday, December 7, 2009, since originally docketed in September 2009. Given the change in financial circumstances since that time, this report discusses the fiscal impacts of the proposed Bayside Fire Station and its related actions. The agreement for architectural and engineering services in an amount not to exceed \$1.36 million, as well as total project costs totaling \$24 million, will be funded by tax increment from the Redevelopment Agency.

Once completed, the City will become obligated to staff, operate and maintain the fire station and its equipment. Currently, it is proposed that the fire station would be opened in Fiscal Year 2013 with the reallocation of an existing single-engine company from Fire

Station No. 1, at no additional cost to the City's General Fund. Future staffing increases and additional equipment needs will be evaluated and phased in over time, as fiscal circumstances allow.

The proposed budget reduction to implement rolling "brown-outs" for the Fire-Rescue Department could impact the ability to reassign one of the single-engine companies from Fire Station No. 1 to the new Bayside station, if it is one of the impacted locations. Since 8 engines (out of 13 locations) are under consideration, it is possible that the implementation of the "brown-out" proposal could be structured to omit Fire Station No. 1, allowing it to retain more than one unit to permit reassignment in future years.

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